



Selling Guide Announcement (SEL-2022-07)

Aug. 3, 2022

The *Selling Guide* has been updated to include changes to the following:

- [Lender-funded grants](#): permitting lender-funded grants for certain transactions
- [Verbal verification of employment alternative](#): adding an alternative to satisfy the verbal verification of employment requirement for non-DVS loans
- [Miscellaneous update](#):
 - DVS foreign income

View the list of [impacted topics](#).

Lender-funded grants

We updated our requirements to allow the use of lender-funded grants to provide all or part of the down payment, closing costs, financial reserves, and certain energy-related improvements. The lender-funded grant must meet all the following criteria:

- The subject property must be a principal residence.
- The transaction must be a HomeReady® loan used for a purchase.
- The lender must have a documented program that provides grants to low- to moderate-income borrowers for community development, supports equitable housing initiatives or similar special initiatives.
- The terms and conditions of the grant must be specified in writing and kept as part of the loan file.
- The borrower must make at least a 3% contribution from their own funds or other eligible sources.
- The grant cannot be funded in any way through the loan, such as through premium pricing.

In addition to the changes described above, we also more closely aligned the requirements for acceptable grant providers with those for Community Seconds® providers.

Effective: Lenders may implement this policy immediately for manually underwritten loans. Desktop Underwriter® (DU®) will be updated the weekend of Aug. 20, 2022, to support this policy change.

Verbal verification of employment alternative

Our current policy requires a verbal verification of employment (verbal VOE), written verification, or a third-party verification report within 10 business days prior to closing to verify employment for borrowers who are not self-employed.

We updated the *Selling Guide* to add an alternative to satisfy the verbal VOE requirement for non-DU validation service loans. With this updated requirement, the lender

- may use an email exchange with the borrower's employer within 10 business days prior to closing to verify employment;
- must conduct due diligence to confirm the email address for the employer is accurate; and



- must ensure the email is from the employer’s work email address and includes the borrower’s name; name, title, and work email address of the individual contacted at the employer; date of contact; and borrower’s current employment status.

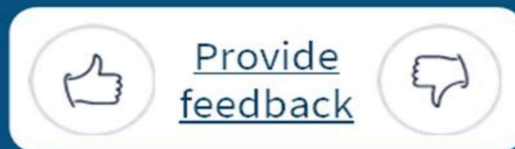
Effective: Lenders may begin using this verbal VOE alternative immediately. DU will be updated the weekend of Aug. 20, 2022, to support this policy change.

Miscellaneous update

B3-2-02, DU Validation Service: We previously updated the DU Validation Reference Guide to specify that all income shown on the income verification report must be reflected in U.S. dollars. We updated the *Selling Guide* to align with this change.

Lenders may contact their Fannie Mae Account Team if they have questions about this Announcement. Have guide questions? Get answers to all your policy questions, straight from the source. [Ask Poli](#).

Let your voice be heard! We want your feedback on our policy communications to help us improve the clarity of new and updated policy and understand any implications to borrowers. Click below to take a short survey regarding this Announcement.



Impacted Topics

Section of the Announcement	Updated <i>Selling Guide</i> Topics (Dated Aug. 03, 2022)
Lender-funded grants	<ul style="list-style-type: none"> ▪ B3-4.3-06, Grants and Lender Contributions ▪ B5-6-02, HomeReady Mortgage Underwriting Methods and Requirements
Verification of employment alternative	<ul style="list-style-type: none"> ▪ B3-3.1-07, Verbal Verification of Employment ▪ E-1.02, List of Contacts